

## Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00  
CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07  
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AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AMCONSUL LENINGRAD  
USMISSION NATO  
AMEMBASSY PRAGUE  
AMEMBASSY SOFIA  
AMEMBASSY TEL AVIV  
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TEL AVIV FOR AMBASSADOR

E.O. 11652: NA  
TAGS: ENRG, ECON, UR  
SUBJECT: DEVELOPMENTS IN USSR FUEL INDUSTRY

BEGIN SUMMARY: USSR NATURAL GAS PRODUCTION IN 1976  
WILL INCREASE BY MORE THAN 31 BILLION CUBIC METERS  
OVER 1975, EXCEEDING THE PLAN TARGET OF 313 BILLION  
CUBIC METERS BY SOME 7 BILLION CUBIC METERS. TWO  
NEW DECREES ON FUEL PRODUCTION HAVE BEEN ISSUED.  
THE FIRST PINPOINTS THE NEED FOR EXPANDED GEOLOGICAL  
EXPLORATORY WORK IN OIL AND GAS IN WEST SIBERIA TO  
INCREASE THE LEVEL OF PROVEN RESERVES. THE SECOND  
CALLS FOR ESTABLISHMENT OF A PRODUCTION FACILITY BY  
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1981 TO PRODUCE 1 MILLION TONS ANNUALLY OF LARGE DIAMETER

STEEL PIPE FOR NATURAL GAS PIPELINES. END SUMMARY.

1. PRAVDA, ON DECEMBER 13, PUBLISHED AN INTERVIEW WITH MINISTER ORUDZHEV OF THE GAS INDUSTRY IN WHICH HE ANNOUNCED THAT 1976 USSR GAS PRODUCTION WOULD EXCEED THE 1975 LEVEL (289 BILLION CUBIC METERS) BY MORE THAN 31 BILLION CUBIC METERS, THE LARGEST SINGLE ANNUAL INCREMENT IN USSR GAS PRODUCTION. ACCORDING TO ORUDZHEV, ELEVEN MONTH PRODUCTION FIGURES FOR 1976 SHOW MORE THAN 6 BILLION CUBIC METERS OF OUTPUT ABOVE PLAN. WEST SIBERIAN GAS PRODUCTION IN 1976 WILL BE 44 BILLION CUBIC METERS AND NEXT YEAR'S GOAL IS 66 BILLION, WHICH WOULD MAKE THE REGION THE LARGEST PRODUCER IN THE USSR. THE 1980 GOAL FOR TYUMEN OBLAST IS 155 BILLION CUBIC METERS.

2. IN DESCRIBING 1977 PLANS, THE PRAVDA INTERVIEWER SAID THAT THE GOAL NEXT YEAR FOR THE GAS INDUSTRY IS 342 BILLION CUBIC METERS. ORUDZHEV STATED FURTHER THAT IN 1977 EFFORTS WILL CONCENTRATE ON SPEEDING PIPELINE CONSTRUCTION AND SUPPLYING SIBERIAN GAS TO THE CENTRAL INDUSTRIAL REGIONS OF THE USSR. "CONSIDERABLE WORK" WILL BE DONE ON DEVELOPING THE URENGOY FIELD AND ON CONSTRUCTION OF THE URENGOY-NADYM GAS PIPELINE SO THAT IN 1978 THE FIRST "15 BILLION CUBIC METERS" OF GAS CAN BE EXTRACTED.

3. IZVESTIYA, ON DECEMBER 11, UNDER THE CAPTION "OFFICIAL SECTION," CARRIED BRIEF DESCRIPTIONS OF TWO RECENT OFFICIAL DECREES ON FUEL DEVELOPMENT. NEITHER SEEMS TO HAVE BEEN PUBLISHED YET IN FULL. THE FIRST, A CENTRAL COMMITTEE-COUNCIL OF MINISTERS DECREE, IS ENTITLED, "ON MEASURES FOR THE FURTHER PREPARATION OF PROVEN RESERVES OF OIL, GAS CONDENSATE, AND NATURAL GAS IN WEST SIBERIA." ACCORDING TO IZVESTIYA, THE MINISTRIES OF OIL INDUSTRY AND GEOLOGY ARE GIVEN THE TASK IN 1976-80 OF INCREASING PROVED RESERVES OF OIL, GAS CONDENSATE, AND NATURAL GAS IN TYUMEN, TOMSK, AND NOVOSIBIRSK OBLASTS. GEOLOGICAL EXPLORATION ASSOCIATIONS ARE TO BE PROVIDED WITH HIGH-PRODUCTION EQUIPMENT, NEW PLANTS ARE TO BE BUILT, PARTICULARLY FOR REPAIR OF LIMITED OFFICIAL USE

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EQUIPMENT AND MEANS OF TRANSPORT, AND HOUSING AND SOCIAL SERVICES ARE TO BE DEVELOPED. THE MINISTRIES OF COMMUNICATIONS, CIVIL AVIATION, AND MERCHANT MARINE ARE CHARGED WITH ENSURING DELIVERY OF NECESSARY SUPPLIES FOR THE EXPLORATORY WORK. FINALLY, THE THREE OBLAST PARTY ORGANIZATIONS ARE CALLED UPON TO CARRY OUT THE NECESSARY OVERALL ORGANIZATIONAL AND POLITICAL WORK.

4. THE SECOND DECREE, FROM THE COUNCIL OF MINISTERS, IS ENTITLED, "ON THE ORGANIZATION OF PRODUCTION OF WELDED MULTI-LAYERED LARGE DIAMETER PIPE FOR THE CONSTRUCTION OF HIGH PRESSURE GAS PIPELINES." THE DECREE ENVISAGES PLANNING AND CONSTRUCTION IN 1976-81 OF A FACILITY AT THE "VYKSUNSKIY" METALLURGICAL PLANT TO PRODUCE WELDED MULTI-LAYERED PIPE WITH A DIAMETER OF 1.220-1.420 MILLIMETERS (WITH AN ANTI-CORROSIVE COATING) AND PRESSURE OF 120 ATMOSPHERES. THE NEW PLANT WILL HAVE A CAPACITY OF 1 MILLION TONS ANNUALLY WITH 25 PERCENT TO BE OPERATIVE IN 1979.

5. COMMENT: IN THE PAST, A PRINCIPAL PROBLEM WITH THE GAS INDUSTRY HAS BEEN THE FAILURE TO MEET PIPELINE CONSTRUCTION GOALS BECAUSE OF SHORTAGES OF LARGE DIAMETER PIPE AND ANCILLARY EQUIPMENT. THE NEW DECREE ON GAS PIPE CONSTRUCTION INDICATES THE SOVIETS MAY HAVE SUCCEEDED IN SOLVING SOME OF THE TECHNICAL PROBLEMS IN PRODUCING LARGE DIAMETER PIPE. THEIR ULTIMATE OBJECTIVE WOULD APPEAR TO BE A LESSENING OF DEPENDENCE ON WESTERN SUPPLIERS FOR PIPE AND RELATED EQUIPMENT.

6. THE DECREE ON WEST SIBERIAN OIL AND GAS EXPLORATION PINPOINTS THE NEED, PARTICULARLY IN OIL, FOR DISCOVERY OF NEW RESERVES TO KEEP PACE WITH PLANNED INCREMENTS IN PRODUCTION BY 1980. WITH THESE INCREASES CENTERED HEAVILY IN WEST SIBERIA, THE DECREE CONNOTES A SENSE OF URGENCY IN ACCOMPLISHING THE ESTABLISHED TASKS. JUDGING BY THE NUMBER OF MINISTRIES AND PARTY ORGANIZATIONS INVOLVED AND THE APPARENT LACK OF A SINGLE OVERALL RESPONSIBLE AUTHORITY, FULFILLMENT OF THESE TASKS COULD BE DIFFICULT. MATLOCK

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## Message Attributes

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